

Effect of Revised Assumptions

For illustration, the effect of the revised changes to the salary scale and demographic assumptions based on the January 1, 2013 valuation results is shown below. The valuation results reflect the use of an 8.0% investment return assumption beginning in 2013. The prior investment return assumption was 8.25%. The Prior Assumptions column below is estimated and reflects the actuarial assumptions used in the January 1, 2011 actuarial valuation except an 8.0% investment return assumption was used. We used the January 1, 2011 assumptions because the mortality assumption developed as part of this experience study was determined and included in the January 1, 2012 valuation.

1. Number of Members:			
Active Members		87,175	
Terminated Vested Members		4,067	
Retirees and Survivors		<u>55,383</u>	
Total		146,625	
2. Total Annual Regular Compensation		\$5,183,195,000	
3. Average Annual Regular Compensation		\$59,457	
Actuarial Valuation Results (in thousands)	Prior Assumptions	Revised Assumptions	Increase/(Decrease)
4. Normal Cost			
a. Total Normal Cost	\$674,100	\$627,549	(\$46,551)
b. Employee Contributions	<u>\$446,000</u>	<u>\$442,377</u>	<u>(\$3,623)</u>
c. Employer Normal Cost	\$228,100	\$185,172	(\$42,928)
5. Actuarial Accrued Liability			
a. Active Members	\$14,614,000	\$14,073,236	(\$540,764)
b. Vested Terminated Members	\$622,100	\$627,084	\$4,984
c. Non-vested Terminated Members	\$185,485	\$185,485	\$0
d. Retirees and Survivors	<u>\$14,384,000</u>	<u>\$14,499,637</u>	<u>\$115,637</u>
e. Total Actuarial Liability	\$29,805,585	\$29,385,442	(\$420,143)
6. Actuarial Value of Assets	<u>\$20,317,389</u>	<u>\$20,317,389</u>	<u>\$0</u>
7. Unfunded Actuarial Liability: (5e)-(6)	\$9,488,196	\$9,068,053	(\$420,143)
8. Funded Ratio: (6) / (5e)	68.2%	69.1%	0.9%

The results of the State valuation represent only one of the components of the total Commonwealth obligation. The Commonwealth valuation results would also include the results of the Massachusetts Teachers' valuation, Boston teachers, and the local COLA liability.